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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

REPORT NO. [redacted]

FVP 471

COUNTRY Austria/Poland/Czechoslovakia/Switzerland

SUBJECT Polish Coal Deliveries to CONFIDENTIAL

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DATE DISTR. 17 May 1948

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1. During the last week of February and the first week of March [illegible] of Incredak* in Glarus, Switzerland, which has an affiliate in Vienna, was engaged in conversations with the Polish Ministry of Trade and Shipping in Warsaw with a view to exporting Polish coal to Austria and Italy.

2. As a result, the Polish Coal Combine has tentatively agreed to deliver 300,000 tons of coal to the Vienna office of Incredak in return for one million pairs of workers' heavy duty shoes, manufactured by the Bata firm of Zlin, Czechoslovakia. At present Bata has 40,000 pairs of shoes already available; the price of the shoes is estimated at $4.55 per pair. The Polish Coal Combine is willing to deliver one ton of coal for three pairs of shoes. Thus, the price of a ton of coal would come to about $13.95, including freight to the Polish-Czechoslavak border; the Vienna office of Incredak expects to add approximately $2.00 to cover freight charges from the Polish-Czechoslavak border to Austria and include a small profit. The Polish Government has guaranteed shipment in Polish railway cars to Austria and expects to be able to deliver thirty to forty thousand tons per month.

3. The success of these negotiations with the Polish Government is dependent on Bata's ability to deliver the necessary shoes; the Vienna branch of Incredak is negotiating in shoes with Dr. Bergmann, the recently appointed Bata export manager for Western and Central Europe.

4. Thirty percent of the total coal shipment will be fine grade coal, thirty percent medium-grade coal, and forty percent boiler coal. Incredak has insisted that it be allowed to dispose of the coal as it sees fit in Austria and Italy.

5. As soon as the agreement has been signed, credits will be opened by the Swiss headquarters of Incredak with the Irving Trust Company of New York in favor of the Bata Company in Zlin, Czechoslovakia. Credits will probably amount to $4,500,000, of which sum Incredak hopes to be able to pay forty percent in British pounds sterling.

6. The Oesterreichische Papier-Holz-Cesellschaft, one of the largest [illegible] paper pulp exporters is willing to pay dollars for coal. [illegible] that three-quarters of the imported coal will be purchased by [illegible] of large dollar earnings derived from [illegible]

* Probably Oesterreichische Industrie-Kredit Aktiengesellschaft.

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the coal will be made in Switzerland. The Oesterreichische Papier-Holz-Gesellschaft has a project called PAKO, whereby it pays to any woodcutter one ton of coal for four Festmeter of wood with no limitation on quantities so exchanged (one Festmeter is three-fourths of a cubic meter of wood). Large amounts of coal are therefore needed by the Oesterreichische Papier-Holz-Gesellschaft for this project.

7. The Bata shoes in question are heavy black workers' shoes, machine-nailed, with waterproof uppers and leather heels. They could be used for light military shoes and would be ideal for police or militia use.

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